

**Access to Microfinance & Improved Implementation of Policy Reform  
(AMIR Program)**

**Funded By U.S. Agency for International Development**

**EGYPT MIS SYSTEMS REVIEW**

Final Report

**Deliverable for SMI Component, Task No. 3.1.1  
Contract No. 278-C-00-98-00029-00**

*December, 1999*

*This report was prepared by Malith Gunasekara, in collaboration with Chemonics International Inc., prime contractor to the U.S. Agency for International Development for the AMIR Program in Jordan.*

## 1. BACKGROUND

A visit to Egypt was undertaken to carry out an initial evaluation of Micro Finance (MF) MIS systems implemented at MF institutions. The team consisted of Mr. Ignacito U. Alvizo, Technical Advisor AMIR, Micro-Finance, Mr. Mamdouh Al Sharif, MIS Manager, Jordan Micro Credit Company, Ms. Maram Zawaideh, MIS Manager - Ahli Microfinancing Company, Mrs. Veronique Gali, MIS Consultant - Jordan Women's Development Society and myself.

During this visit, the following organizations were visited;

- Egyptian Small Enterprise Development Foundation (ESED)
- Environmental Quality International (EQI)
- Alexandria Business Association (ABA)
- USAID

## 2. SUMMARY OF DISCUSSIONS

### 2.1 ESED

Present – Dr. Magid A. Aamer, Executive Director  
MIS Manager

Date - 29<sup>th</sup> November 1999 10.00 a.m.

#### 2.1.1 Background

- ESED commenced operations in 1988 and now has 10 branches in Cairo. This is the 2<sup>nd</sup> largest MFI in Egypt with a repayment rate of 98.3%. Loans given to-date total to 80 million Egyptian pounds and 80,000 accounts.
- They have 15,000 active accounts per year and multiple loans to a person are not authorized.

#### 2.2.2 Business Process

- Applications are received at the branch offices where the manager of the branch will check for validity and approves same.
- The application information is then entered at the branch and information in diskettes is sent for approval to the credit department at the Head office.
- The Credit department will send the diskettes to the MIS department to carry out validations such as existing client, client of another branch, past client, if so payment history etc. before approving same.

- After these controls, if the payment can be approved, the disbursement cheque is printed and sent to the Executive Director for signature. All disbursements are centralized.
- The approved application information is faxed or send via diskette to the relevant branch.
- The repayments are made to banks in the branch area.
- A monthly list of repayments from the bank is obtained and sent to Head Office to update the records.

#### 2.1.3 I.T. Staff Requirements

- To carry out the above mentioned functions an I.T. person is based at each branch and a team of 04 at the Head Office.

#### 2.1.4 MFI MIS Software

- The software is developed by EQI under a USAID contract and is implemented at 5 MFI's.
- The software is developed using FoxPro for DOS.
- EQI charged a one-time fee for software, which includes ongoing support and maintenance services.
- The product has about 150 reports, which also includes consolidated reports required by USAID.
- The software does not have a built-in General Ledger or a Savings module.
- Manual entries are passed to the GL from the information from the MFI MIS.

#### 2.1.5 Hardware

- The Head Office computer system is NOVEL platform based and the branches are on standalone PC's.
- The computers are not connected using lease lines currently but are planning to do so in the near future.

#### 2.1.6 Future Plans

- ESED is in the process of upgrading their MIS system to work in a Windows NT environment with Sybase as the RDBMS.
- This upgrade is carried out by EQI and based solely on ESED requirements.
- ESED will spend a million Egyptian pounds for this purpose, which includes upgrade of hardware, software and linking branches via lease lines.

## 2.2 EQI

Present – Mr. Magdy M. Moussa, Technical Coordinator, Management & Finance Specialist  
Mr. Nabil N. Zaki, Information Systems Department Manager  
Mr. Hisham Salem, Information System Consultant

Date - 29th November 1999 2.00 p.m.

### 2.2.1 Background

- EQI developed the ESED MIS system based on FoxPro.
- They have also developed the same system with additional features needed for the International MFI's using the Sybase RDBMS. This MIS system is called El-Mohassil (EM).
- EQI is a consulting company with experience in implementing MIS systems in Egypt, Bahrain and Gaza.

### 2.2.2 EM Product Features

- EM is designed to accommodate 100,000 client per branch with a maximum of 99 branches.
- EM supports Arabic and English language interfaces and are in the process of developing the Spanish interface.
- Group lending feature is being developed and will be available in 3 months.
- Strong security features with password control for menu's per user and audit trails of all transactions with date, time and identification of the user, who entered, updated or deleted.
- User defined calendar, which will be used for Loan tracking.
- User defined Funding sources, Multiple loan types, Multi currency, Payment period, Interest rate, Service fee, Number of installments, grace period, etc.
- Could classify a client to 3 levels in a business sector.
- Could define each Loan officer and their profiles.
- Could classify usage of loan.
- Maintains Guarantors information.
- Track loans not approved by reason.
- Maintains loan application approval status.
- Loan cancellation, rescheduling and write-off available.
- Auto calculation of penalty is not available.
- Online help features are available.
- Email interface is supported.
- Supports lease line or dialup connectivity.
- Comprehensive reporting functions with many analysis, client based, loan officer based etc. reports.

### 2.2.3 Hardware Requirements

- PC's with Window 95, NT operating system, 32Mb RAM, 50Mb Hard disk, CD-ROM with Color monitor and with printer support.
- The requirements for the server will vary based on the number of transactions to be consolidated and the requirements of the RDBMS. Minimum of Pentium II 300mhz, 64Mb RAM is required.

### 2.2.4 Software, Implementation and Maintenance Costs

- Onetime fee of US\$ 12,000 is charged for the Server and US\$ 1,000 per branch. Initial training, Software maintenance and support via email for a year is included in this price.
- Implementation services will be charged on a daily rate.
- Software leasing option is available.

## **2.3 ABA**

Present – Mr. Nabil A. Elshami, Executive Director  
Ms. Florette Makram, MIS Manager

Date - 30<sup>th</sup> November 1999 10.30 a.m  
01<sup>st</sup> December 1999 10.00 a.m.

### **2.3.1 Background**

- ABA has been in MF for 10 years and is rated as the best in the world with 290 employees.
- Currently ABA has 10 branches in Alexandria and will open 02 more in the near future.
- ABA has 25,000 active accounts with a repayment rate of 99.5%. The success of such a high repayment rate was due to an excellent MIS system, which has helped in monitoring repayments and providing excellent Management Information.
- Loans given to-date total to 350 million Egyptian pounds with 50,000 clients and a million loan installments.
- Provides consultancy services and has implemented systems in Bahrain and will be implementing an Oracle based system in Yemen.
- The MIS system is developed in FoxPro for DOS and is being upgraded to Window NT and Oracle environment.
- The prototype of the Oracle version will be available in February 2000 and will be completed by May 2000. The data migration from the current FoxPro system to Oracle will be automated.

### **2.3.2 Business Process**

- Applications are processed at the branch offices and all information including repayment details from banks.
- Information from/to Head office is sent via a removable disk unit. This operation is carried out on a weekly basis.

### **2.3.3 I.T. Staff Requirements**

- A team of 04 programmers and 02 supervisors are based at the Head office to provide facilitation to branches and to process the consolidated reports.
- An I.T. person each is based at branch offices to process information.

### 2.3.4 Product Features

- The product is 10 year old with very strong and excellent security, audit control and reporting features.
- One of the main advantages of using this system will be the embedded operational and business procedure that are incorporated in the MIS software which will be an asset to any startup or other MFI.
- The software is easy to use and with English and an Arabic interface.
- Validates Identification information such as Identity number, Tax registration number, insurance number, Commercial registration number etc. before a loan is granted.
- Tracks rejected clients with reason.
- The system could automate provisions for bad debts.
- Has strong security feature with audit trails of the user id of any transaction entered, changed or deleted in the system.
- Excellent reporting features structured by Client, Repayments, Analysis, Extension officer and Monthly reports.
- Name of the user logged in is displayed on screen as a security feature.
- Could search name of client in many combinations.
- 3 levels of Industry classifications.
- Could define an Area code.
- Usage of loan can be defined. I.e.; for raw materials, marketing etc.
- Could define collateral's,
- Can define 9 reasons for rejection of application.
- Cheques are printed and could set printer parameters.
- Group lending not available but will be within a month.
- Only one loan type can be defined and a fixed interest rate.
- Initial fees or charges cannot be defined.
- The period of loan can be defined.
- Only one loan is allowed per client.
- Repayment posting is done only by a authorized user with a higher password.
- Could define penalties.
- Can shift repayments based on conditions such as i.e; should have at least 3 previous loans, allowed 03 rescheduling only, should pay interest up front etc..
- Can waive penalties only with the authority of the Executive Director.
- Partial payment allowed and treated as zero-based collection.
- Could reassign portfolio to another officer.
- Loans can be written off only by the Executive Committee and after a social study.
- All loans overdue for more than 12 months are written off but collection will be attempted.
- Audit trails are available for Repayments, Loans approved, Adjustments and returned cheques.
- Bank sends the repayment list, which is booked into the system. A report is generated of all outstanding payments.



- Multiple Extension officer details, Bank, branch etc. are maintained in the system.
- User defined calendar is supported.
- Have a re-indexing facility.
- All reports can be reviewed on screen before printing.
- Source of funding is not available.
- Savings module is not available.
- A report is generated of good clients in order to approach them again.
- Incentives are paid based on repeat clients and new clients.
- Impact tracking module is available.
- Could analyze repayment by period.
- Loan repayment could be defined based on rate, principle, grace, collect interest up front etc.
- General Ledger is not available.
- Does not support a black listed client list.

### 2.3.3 Hardware requirements

- Currently, there are 02 NOVEL networks in operation at the head office with a PC each at branch offices.
- Basic resource requirements are needed as the system is based on FoxPro (DOS based) but the Oracle version will need more resources.

### 2.2.4 Software, Implementation and Maintenance Costs

- Onetime fee of US\$ 20,000 is charged per organization.
- Software maintenance and support is carried out via email.
- Implementation services including initial training will be charged on a daily rate.

### 2.2.5 Other Remarks

At a meeting held with Mr. Nabil A. Elshami, Executive Director, the following were mentioned which should be noted.

- Think Micro Finance and define “ONE” simple loan product with fixed interest rate and if necessary with multiple payment periods.
- Give only one loan per client, as he/she will apply for another to pay off the first loan.
- Savings and General Ledger that we require for MFI’s in Jordan should be implemented later.

## **2.4 USAID, Cario**

Present – Mr. Charles J. Vokral, Privatization and Finance Office.

Date - 02<sup>nd</sup> December 1999 10.00 a.m.

Met Mr. Vokral to obtain information on the MFI in Cairo.

### 3. CONCLUSION

The 03 MFI software products at ESED, EQI (EM) and ABA that were reviewed are rich with business, operational and Management Information features with years of experience in dealing with Micro Finance operations.

Special mention should be made of ABA MIS software, which has excellent security, audit trails, business and operational controls and very informative management information based on inquiries and reports.

The ABA MIS system has in many ways helped ABA to be one of the best Micro Finance Institutions in the world. Acquiring such a MIS system will definitely be beneficial to any MFI in Jordan as all business procedures and relevant controls could be adopted with the implementation of the MIS system.

The main drawbacks of ABA are;

- The software is developed for DOS based FoxPro. This product is being upgraded to Oracle and will be completed by April/May, as they have to implement a system in Yemen.
- Some of the user requirements are not met. I.e; group lending, multi loan products etc, which they agree to incorporate.
- Support and maintenance of software is from Alexandria.

EQI's MFI MIS software (EM) too has many good features and is implemented in many other MFI. The main drawback of EQI (EM) is the database used i.e; Sybase, which is not very popular in Jordan and could create support issues in the future. This concern should be addressed well if this product is selected for Jordan.

ESED is in the process of upgrading their current DOS based FoxPro system to a Sybase based system with the assistance of EQI at their costs. This is to incorporate ESED's specific user requirements. It would be prudent to evaluate EQI's EM product with features applicable to the International market and not the new ESED Sybase based product.

## **RECOMMENDATION**

The 03 MFI's MIS Managers from Jordan who visited Egypt will evaluate the above MIS software products in isolation to suit their specific needs. This may result in recommendations by them to acquire multiple products.

To professionally evaluate the best-suited MFI MIS software, it is recommended that all user requirements of the 3 MFI in Jordan are defined and documented. This standardized User requirement document should be used as the benchmark to evaluate in detail, any MF MIS product.

It is recommended that the RFP with the standardized user requirements should be forwarded to ABA and EQI (EM) in Egypt and Bankware in Jordan. Their responses should be objectively evaluated based on a criterion and User requirements to select the best-suited solution. During this evaluation, Sybase skills available in Jordan should also be ascertained.

Obtaining competitive bids from the above parties will definitely help USAID/AMIR in negotiating better prices and favorable terms and conditions.

***- End of report -***

